

### OIG Audited Eleven of 108 Noise Grant Airports

Noise Land Grants at 108 Airports \$1.8 Billion

Noise Land Grants for Eleven Audited Airports \$468 Million

#### **Eleven Audited Airports**

Bellingham

**Charlotte Douglas** 

Cincinnati

**Detroit** 

Las Vegas

Palm Beach

**Phoenix** 

Reno-Taho

Seattle-Tacoma

Toledo

**Tucson** 

# Noise Land Grants Addressed by Grant Assurance 31, Disposal of Land Codified at 49 U.S.C. 47107 (c)

#### **Grant Assurance 31**

 Dispose of land at fair market value at earliest practical time after land no longer needed for noise compatibility.

#### **Grant Assurance 31**

 Retain an interest in land to ensure compatibility with aircraft noise levels.

#### **Grant Assurance 31**

 Apply FAA grant share of land acquisition to proceeds of land disposal and reinvest in future approval noise project or return to Trust Fund.

# Intent of Statue to Recycle Noise Land Funds for more than one project

Not Trap Funds Indefinitely in Non-Aeronautical Land

## OIG Found Airports Did Not Routinely Dispose of Noise Land as Called for by Statute

### OIG Interprets Disposal to Mean Sale, Lease or Exchange

FAA will Consider Noise Land Added to
Airport Exhibit A that is AIP
Eligible Aeronautical Land as Complying
with the Disposal Requirement

#### Steps To Resolve The OIG Audit

- FAA Issues Guidance On Preparing Noise Inventory Maps and Land Reuse Plans, Including Leasing.
- FAA Acceptance of Noise Inventory Maps and Reuse Plans
- FAA And Airport Sponsors Reach Agreement on Reimbursement/Disposition of Federal Share of Noise Land Proceeds (Case-By-Case Procedure)

#### Steps To Resolve The OIG Audit

- Resolution on Eleven Audited Airports (September 2007)
- Resolution of All 108 Airports
- (March 2010)
- Follow-up Implementation of Reuse Plans and Reimbursement/Disposition of Federal Share of Noise Land Proceeds (ongoing case-by-case)

#### **Sale of Noise Land**

- Determined fair market value (fmv) by appraisal on the date of sale (date noise problem resolved)
- Advance fmv balance of Federal share forward using Treasury Rate (treated as a loan)

#### Sale of Noise Land

- Use cash or debt to reimburse amount due
- Use proceeds as Federal share of another FAA approved noise project, in lieu of FAA grant, otherwise repay the Trust Fund

#### **Lease of Noise Land**

- Determined fmv by appraisal on the date of the long-term lease of the land converting it to a noise compatible use
- Advance fmv balance of Federal share forward using Treasury Rate (treated as a loan)

#### **Lease of Noise Land**

- Use cash or debt to reimburse amount due
- Ground rent proceeds may be used to service debt
- Use proceeds as Federal share of another FAA approved noise land project, in lieu of FAA grant, otherwise repay the Trust fund

#### Exchange of Noise Land

- Determine fmv by appraisal on the date of exchange for both parcels.
- What is the disposition of land received in exchange? (Sale, lease or final disposition unresolved)
- If land sold or disposed of by lease treat like above

- Is land acquired or exchanged eligible for acquisition under AIP for aeronautical use?
   If so, transaction complete, no refund required. Include on Exhibit A.
- If land not eligible under AIP as aeronautical land, treat like the sale or lease of land

#### **Ultimate End Game**

 Federal share of fmv of noise land to be either returned to the Trust Fund or added to the Airport Exhibit A as aeronautical land.